

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

EB-07 COME-00 TRSE-00 FRB-03 OPIC-03 XMB-02 DOTE-00

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R 060815 JAN 76

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 4253

INFO AMEMBASSY BANGKOK

RMEMBASSY JAKARTA 4559

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: ELTN, SN

SUBJECT: NEW GOS AUTOMOBILE TAXES: A NEW YEAR'S SHOCK FOR
SINGAPOREANS

REF: A) SINGAPORE A-104, 7/3/75.

B) SINGAPORE 0023

1. GOS, EFFECTIVE JANUARY 1, HAS SIGNIFICANTLY
RAISED TAXES AND FEES RELATING TO AUTOMOBILE PURCHASE
AND OPERATION. NEW MEASURES ADD FROM 20 PERCENT TO 75 PERCENT TO
ROAD TAX, AND UP TO 50 PERCENT TO COST OF INITIAL CAR PURCHASE.
ROAD TAX INCREASES ARE PROPORTIONALLY HEAVIER FOR SMALLER
MODEL CARS. IN ADDITION, FEES TO ENTER DOWNTOWN RESTRICTED
ZONE HAVE BEEN RAISED, A 30 PERCENT TO 50 PERCENT ROAD TAX SURCHARGE
APPLIED TO CARS OVER 7 YEARS OLD AND TAXIS OVER 5 YEARS OLD,
AND THE ROAD TAX HAS BEEN EXTENDED TO ENCOMPASS MOTORCYCLES FOR
THE FIRST TIME.

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2. THIS IS SECOND INCREASE IN CAR TAXES IN NINE MONTHS. PARKING FEES AT HOUSING & DEVELOPMENT BOARD FLATS HAVE ALSO RECENTLY BEEN RAISED.

3. GOS RATIONALE FOR NEW TAXES IS THAT ROADS ARE STILL TOO CONGESTED, AND THAT IMPROVEMENTS IN SINGAPORE BUS SYSTEM GIVE COMMUTERS AN ALTERNATIVE.

4. PUBLIC REACTION HAS BEEN A MIXTURE OF SHOCK, INDIGNATION, AND ANGER. PARTICULARLY UNWELCOME SEEMS TO BE THE SURCHARGE ON OLDER CARS, WHICH HITS HARDEST AT THE MIDDLE CLASS. EVEN A MEMBER OF PARLIAMENT PUBLICLY CRITICIZED THIS INNOVATION. BASIC OBJECTION TO OLD CAR SURCHARGE HEARD VOICED IS THAT ROAD WORTHINESS OF OLD CARS NOT TAKEN INTO ACCOUNT. CAR OWNERS ARE CAUGHT IN A SQUEEZE: UNABLE TO AFFORD THE NOW MORE EXPENSIVE NEW CARS, AND UNABLE TO AFFORD TO CONTINUE OPERATING THEIR OLD ONES. TAXI SERVICE ALSO LIKELY TO BE IMPAIRED BY IMPOSITION OF NEW LEVIES.

5. THE NEW MEASURES HAVE NOT GONE DOWN WELL WITH A PUBLIC ALREADY UNHAPPY WITH RECENT OBLIGATORY INCREASES IN THEIR CENTRAL PROVIDENT FUND (SOCIAL SECURITY) CONTRIBUTIONS. MORE PEOPLE ARE NOW COMPLAINING THAT THE GOVERNMENT IS PUSHING THEM TOO HARD, HAS BECOME TOO ARBITRARY. PARTICULARLY IRRITATING TO MANY WAS THE LACK OF PRIOR NOTICE AND DEBATE OF A DECISION SIGNIFICANTLY AFFECTING THEIR DAILY LIVES.

6. THE NEW RULES HIT NOT ONLY THE CAR OWNING PUBLIC, BUT ALSO WOULD-BE CAR OWNERS. NEW GOS MEASURE REQUIRING 100 PERCENT AD VALOREM FEE FOR NEW CAR REGISTRATION STRIKES AT ASPIRATIONS TO CAR OWNERSHIP OF SINGAPORE'S AFFLUENT WHITE COLLAR YOUTH; WHILE PRIVATELY OWNED HOUSING HAS NOT BEEN A REALISTIC GOAL FOR MANY, THE AUTOMOBILE HAS BEEN A POWERFUL STATUS SYMBOL AND PERSONAL MANIFESTATION OF UPWARD SOCIAL MOBILITY. NOW, ONLY RICH AND SEMI-RICH ELITE CAN ASPIRE TO CAR OWNERSHIP.
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7. THE GOVERNMENT CLEARLY IS WILLING AND ABLE TO IMPLEMENT DRASTIC MEASURES TO REDUCE THE CAR POPULATION. UNLESS, HOWEVER, IT CAN SOON SHOW SIGNIFICANT IMPROVEMENT IN BUS SERVICE OR START BUILDING THE MUCH-DISCUSSED MASS RAPID TRANSIT SYSTEM, THE NEW CAR TAXES COULD WELL PROVE A POLITICAL LIABILITY FOR THE PAP

IN 1977.
HGTDRIDGE

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